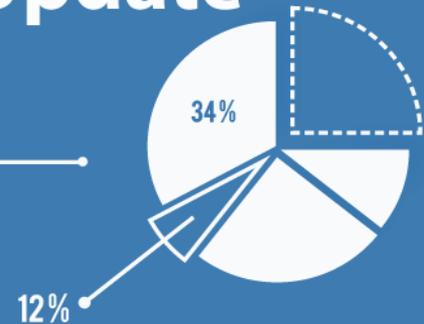


# Nigeria Economic Update



Weekly  
**Digest**

## **Company Income tax revenue declines in Q4 2021**

The Company income tax (CIT) Report by the National Bureau of Statistics (NBS) shows that CIT was N347.8 billion in the fourth quarter of 2021. CIT decreased by 26.4 percent (quarter-on-quarter) from the N472.5 billion in the third quarter of 2021, although it increased by 17.6 percent (year-on-year) from N295.7 billion in the fourth quarter of 2020. Local payments constitute about 74.4 percent of the N347.8 billion in the fourth quarter of 2021, and the remaining came from Foreign CIT Payment. The decline in CIT on a quarter-on-quarter basis could be attributable to the shortfall recorded in administrative and support services (-72.2 percent), agriculture, forestry, and fishing (-34.5 percent), and arts, entertainment, and recreation (-25.3 percent). A persistent decline in revenue might further exacerbate the existing fiscal deficit in Nigeria. The quarter-on-quarter decline in CIT indicates declining profit margins for corporate entities, which might have resulted from rising production costs. Thus, there is a need for the government to curtail inflation and introduce initiatives that would reduce the cost of doing business to restore firms' profit level, which would increase CIT.

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## **Cost of Transportation increases in January 2022**

NBS data on the cost of transportation shows an increase across all means (land, air and water) in January 2022<sup>2</sup>. According to the report, the average cost of air travel for a single journey increased to N38,352 in January 2022 from N38,253 in December 2021, representing a 0.3 percent month-on-month increase, and a 5.18 percent year-on-year increase from N36,464 in January 2021. For water transport, the average fare per passenger in January 2022 was N888, a 0.77 percent month-on-month increase from N881 paid in December 2021 and a 12.98 percent year-on-year increase from N786 paid in January 2021 to N888 in January 2022. For road transport, the average fare paid by commuters for an intercity bus journey stood at N2,801.36 in January 2022, indicating a 0.6 percent month-on-month increase from N2,7845 in December 2021 and a 19.4 percent year-on-year rise from N2,346 in January 2021 to N2,801 in January 2022. The rising cost of transportation increases production cost, which leads to higher price levels. At the household level, rising prices erode purchasing power and reduce the standard of living. Structural constraints such as infrastructural deficits, traffic, inefficient transport system, and insecurity contribute to increased transportation costs. To reduce the cost of transportation, the government needs to invest more in infrastructure development and implement policies that would increase private sector participation in the transportation sector, thereby addressing the inefficiency associated with the sector.

## **Global Oil Price hits \$100**

Data from the Central Bank of Nigeria (CBN) revealed that crude oil price rose above \$100 in February 2022 and has exceeded its historical price since 2014<sup>3</sup>. The rise in crude oil is mainly due to the shortage of supply and the ongoing crisis between Russia and Ukraine, which has heightened the level of uncertainty in energy supply. Russia is the third-largest producer of crude oil in the world after the United States and Saudi Arabia. The current rise in crude oil prices is temporary, and the extra revenues due to the higher prices are term revenue windfall. Therefore, the government should create a special fund to keep the revenue windfall and serve as fiscal buffers against low crude oil prices. The existing challenges affecting crude oil production in the country, such as insecurity, infrastructural decay, and inadequate investment in the oil sector, might limit the gains associated with the current increase in oil prices. Hence, the prompt passage of the proposed revision of the petroleum industry Act is crucial in addressing the Nigerian oil industry challenges.

ECONOMIC SNAPSHOT		+	
Quarterly Indicators	'21Q2	'21Q3	
GDP Growth Rate (%)	5.01	4.03	
Oil GDP (%)	-12.65	-10.73	
Non-oil GDP (%)	6.74	5.44	
Unemployment Rate (%)	NA	NA	
Foreign Direct Investment (US \$ Million)	77.97	107.81	
Portfolio Investment (US \$Millions)	551.37	1,217.21	
Other Investment (US \$Million)	246.27	406.35	
External Debt (FGN & States- N'Trillion)	13.71	15.57	
Domestic Debt (FGN + States & FCT N'Trillion)	21.75	22.43	
Manufacturing Capacity utilization (%)	NA	NA	
Monthly Indicators	Nov '20	Dec '21	
Headline Inflation (%)	14.89	15.63	
Food Sub-Index (%)	18.30	17.37	
Core Sub-Index (%)	11.05	13.87	
External Reserves (End Period) (US\$ Billion)	35.41	40.52	
Official Rate Approx. (N/US\$)	379.5	412.99	
BDC Rate Approx. (N/US\$)	NA	NA	
Manufacturing PMI	50.2	NA	
Non-Manufacturing PMI	47.6	NA	
Average Crude Oil Price (US\$/Barrel)	36.37	76.25	
Petrol (PMS-N/litre)	167.27	165.77	
Diesel (AGO -N/Litre)	223.74	289.37	
Kerosene (HHK -N/Litre)	353.38	467.97	
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	NA	3594.81	
MPR (%)	11.5	11.5	
CRR (%)	27.5	27.5	
T-Bill Rate (%)	0.86	2.49	
Savings Deposit Rate (%)	1.84	1.25	
Prime Lending (%)	11.60	11.68	
Maximum Lending (%)	28.85	27.58	
Narrow Money (N'Million)	14819010.85	18,161,339.38	
Broad Money (N'Million)	36958454.16	43,946,387.71	
Net Domestic Credit (N'Million)	40194156.06	49,459,366.10	
Credit to the Government (Net) (N'Million)	10782279.08	13,732,432.70	
Credit to the Private Sector (N'Million)	29411876.98	35,726,933.39	
Currency in Circulation (N'Million)	2659710.45	3,325,158.00	
FAAC (N'Billion)	601.11	843.81	

\*Revised GDP figures/tentative figures  
NA: Not Available

1. [NBS \(2022\)](https://nigerianstat.gov.ng/elibrary/read/1241141). Company Income Tax Q4 2021. Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241141>
2. NBS (2022). Transport Fare Watch (January 2022). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241142>
3. [CBN \(2022\)](https://www.cbn.gov.ng/rates/DailyCrude.asp). Daily Crude Oil Price. Retrieved from <https://www.cbn.gov.ng/rates/DailyCrude.asp>

